



**Innova-FI**  
Interreg Europe



European Union  
European Regional  
Development Fund

# What's new in Financial instruments in 2021-2027

**Jonathan DENNESS**

Head of Unit for Financial  
Instruments and relations with the  
IFIs, DG REGIO  
European Commission

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  - Snapshot of Combination – Article 58 (5)
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- **FI implementation models**
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# But first, some statistics

- **Total allocation ERDF + Cohesion Fund to financial instruments in 2021-2027 = 17.9 billion EUR**
- 7.3% of the total allocation
- **Just Transition Fund 600 million EUR representing 3.4%**
- **SME FI support = 8.5 billion EUR**
- **Energy Efficiency FI support = 4.3 billion EUR**
- Renewable Energy FI support = 1.5 billion EUR
- Urban development FI support = 440 million EUR
- Digitisation FI support = 417 million EUR
- Circular Economy FI support = 410 million EUR
- And planned investments in sustainable tourism, labour market infrastructure and integration of marginalised communities and ...

# What's new in the CPR 2021-2027

- **Financial instruments (FI) better integrated into the programming and implementation process from the beginning**
- Streamlined ex-ante assessment
- **Combination of FI and grant in ONE “FI operation”:**
- Possibility of **continuation of FIs** from one period to the subsequent one, including 2014-2020 (procurement contracts to foresee this possibility)

# Ex-ante assessment Article 58 (3) – Managerial tool

## NEW! Programming

### NEW! Ex-ante assessment only for FI

#### Minimum requirements Article 58(3)

- proposed amount and estimated leverage effect
- proposed financial products, including the possible need for differentiated treatment of investors
- proposed target group of final recipients;
- expected contribution of the financial instrument to the achievement of specific objectives

Possibility to use existing or updated ex-ante assessment

Monitoring committee examines elements of ex-ante assessment and the strategy document

Drafted or updated under responsibility of MA

Methodology at discretion of MA

No guidance from the Commission

**Purpose: accelerate set-up of FI**

# Combination in one FI operation

- Unique “set of rules” (FI)
- The program can indicate in general terms as the grant is necessary (financing gap, better project implementation) but it is not necessary to include all the elements of the ex-ante assessment (e.g. grant methodology)
- Same body implementing the FI
- Unique FA, which include all details, including eligibility rules. Amendment possible during implementation.

# Combination in one operation

## Article 58 (5)

Grant is directly linked & necessary to the FI

Grant is part of the funding agreement (Annex IX) & is provided by the body implementing the FI (HF/FInt.)



The programme support in the form of grants does not exceed the investments supported by the FI product

FI rules apply to grants when combined in one FI operation



# Continuation - Article 68(2)

## Implementation across programming periods

New resources allocated to FI existing structure applicable for:

All types of FIs supported by all types of financial products and related MCF

FIs started in 2014-2020 and continuing in the 2021-2027

FIs starting in 2021-2027 and suitable to continue in post-2027



# Continuation - Article 68(2)

## Attention to:

- **Legal agreements**

Public procurement agreements include the possibility that the implementation can continue in the subsequent period (e.g. the dates in the agreements reflect a longer implementation period)

- **Applicable Rules**

Rules of the programming period from which the resources are used (no derogation to eligibility rules)

# Model FI with a grant component for Energy Efficiency (EEFI)

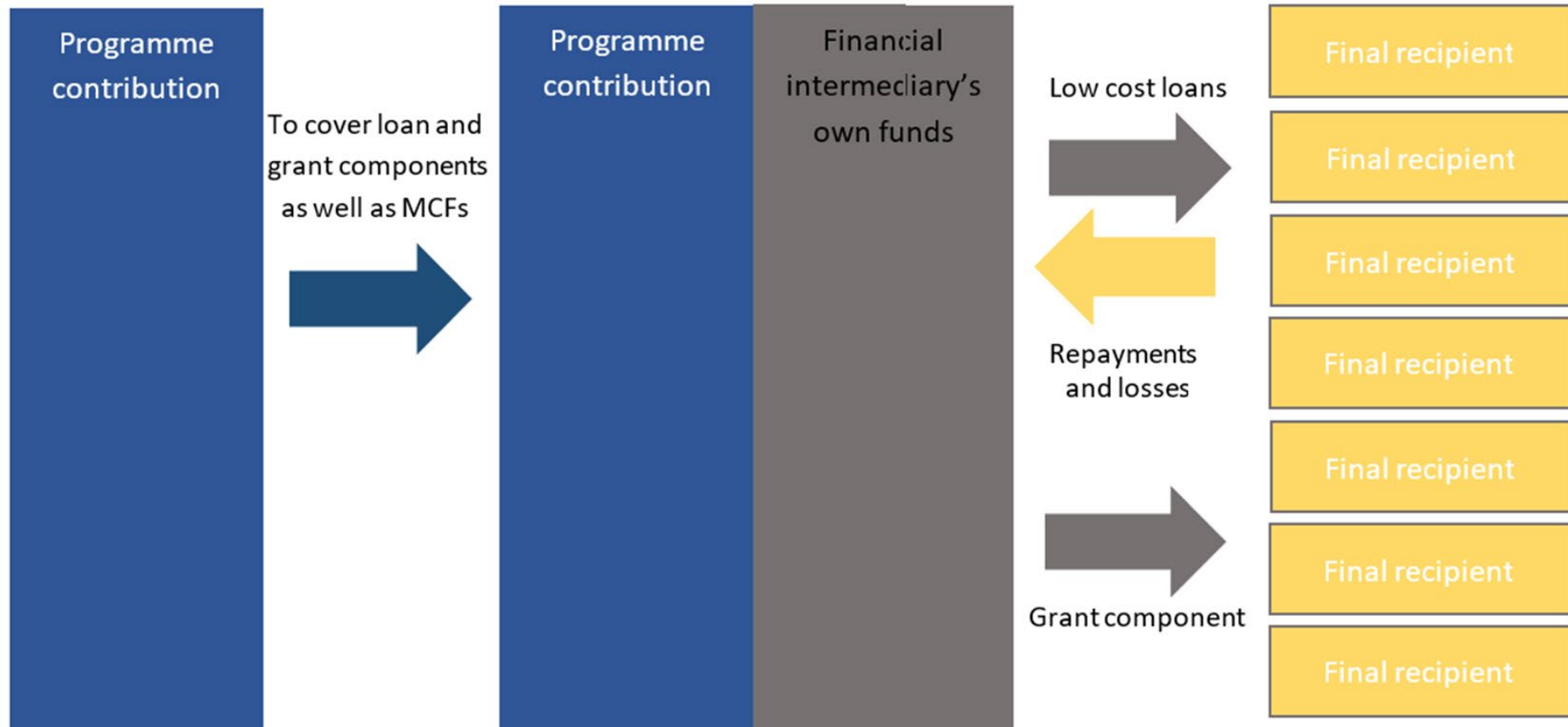


- Potential model for financial instruments to support energy efficiency projects **that combine grants with loans in a single financial instrument operation**
- Taking advantage of the new flexibilities in Article 58 CPR
- Example of how the programming, design and implementation requirements can be applied to deliver market oriented financial instruments
- MAs should shape on application to their own specific circumstances

# Aims

- To use programme resources to mobilise additional investment to provide low cost loans to finance the renovation of residential property to make it more energy efficient
- To deploy grant in combination with the loan in order to:
  - **improve quality of projects** through technical support at the preparation phase;
  - achieve ambitious energy saving targets within an acceptable timeframe, **providing incentives for** final recipients to engage in **deeper renovation projects**
  - **reduce the cost and burden of financial instrument financing;**
  - **decrease the perceived level of risks of specific market sub-segments**, such as homeowners' associations, low-income individuals or energy efficiency projects involving SMEs and/or ESCOs.

# Structure



# New European Bauhaus territorial development model (NEB TDM)



- Based on **previous positive experience** in urban development
- **Respect of the three core values of the NEB**
- Open **participatory approach**
- **Multidisciplinary approach**
- **One-stop-shop** for final recipients and project promoters
- **Positive externalities** (social and public benefits to citizens)

Sustainability  
(Environmental)

Aesthetics/Beautiful

Inclusion/Together

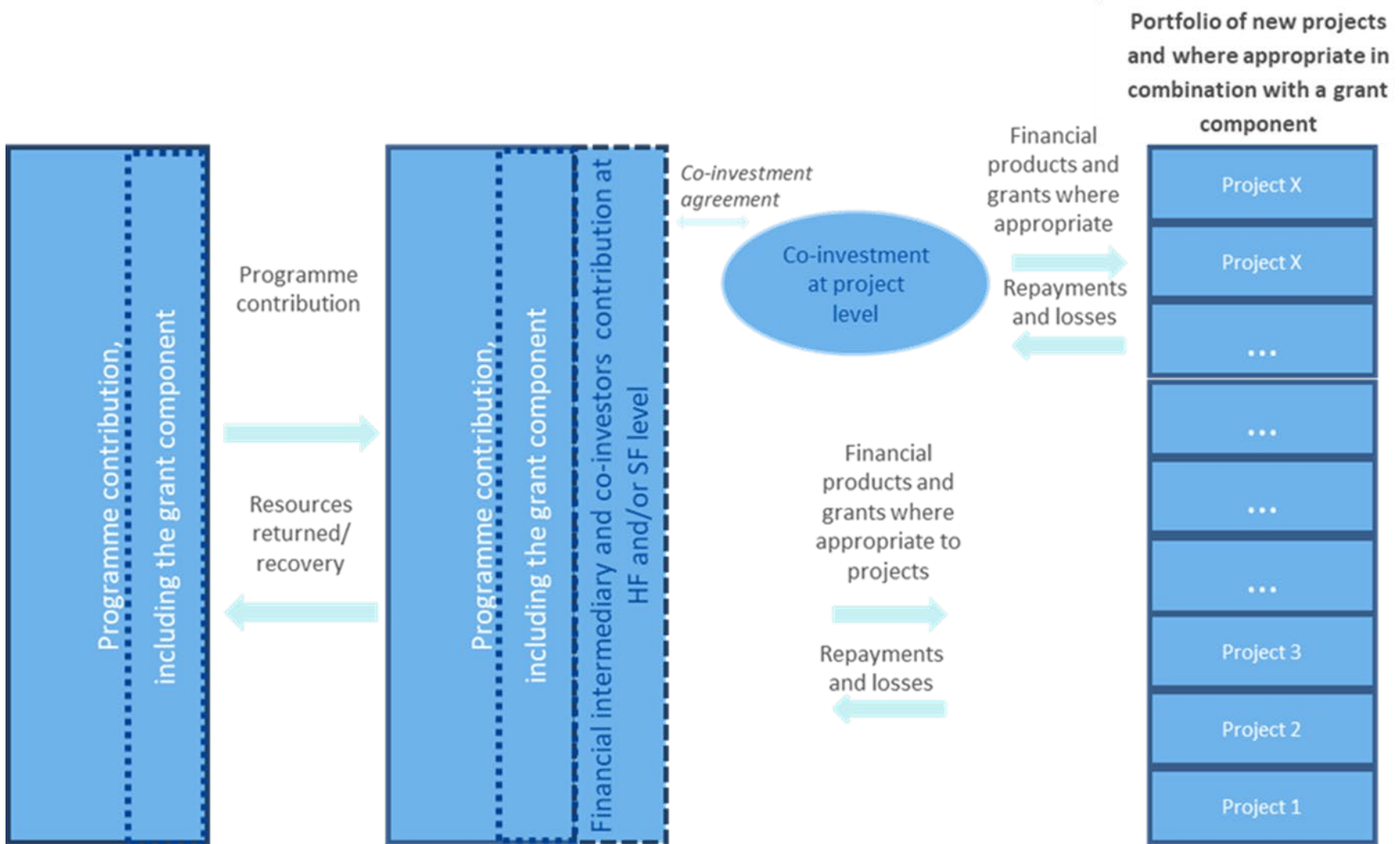


#NewEuropeanBauhaus 

# Main features (NEB TDM)

- **Combination** FIs and grants in one operation – Article 58(5) CPR
- **Flexible model:** MA may choose the elements which are the most appropriate to their specific environment
- **Flexible implementation options** => can be set up as: 1) a new FI; 2) a “window” in the existing FI; or 3) in the existing FI as part of the portfolio of the investments
- Includes a list of **guiding principles to assess the projects / investments against the core values of NEB, i.e. sustainability, aesthetics and inclusion.**

# Aim and structure of NEB TDM



# A Quasi equity model

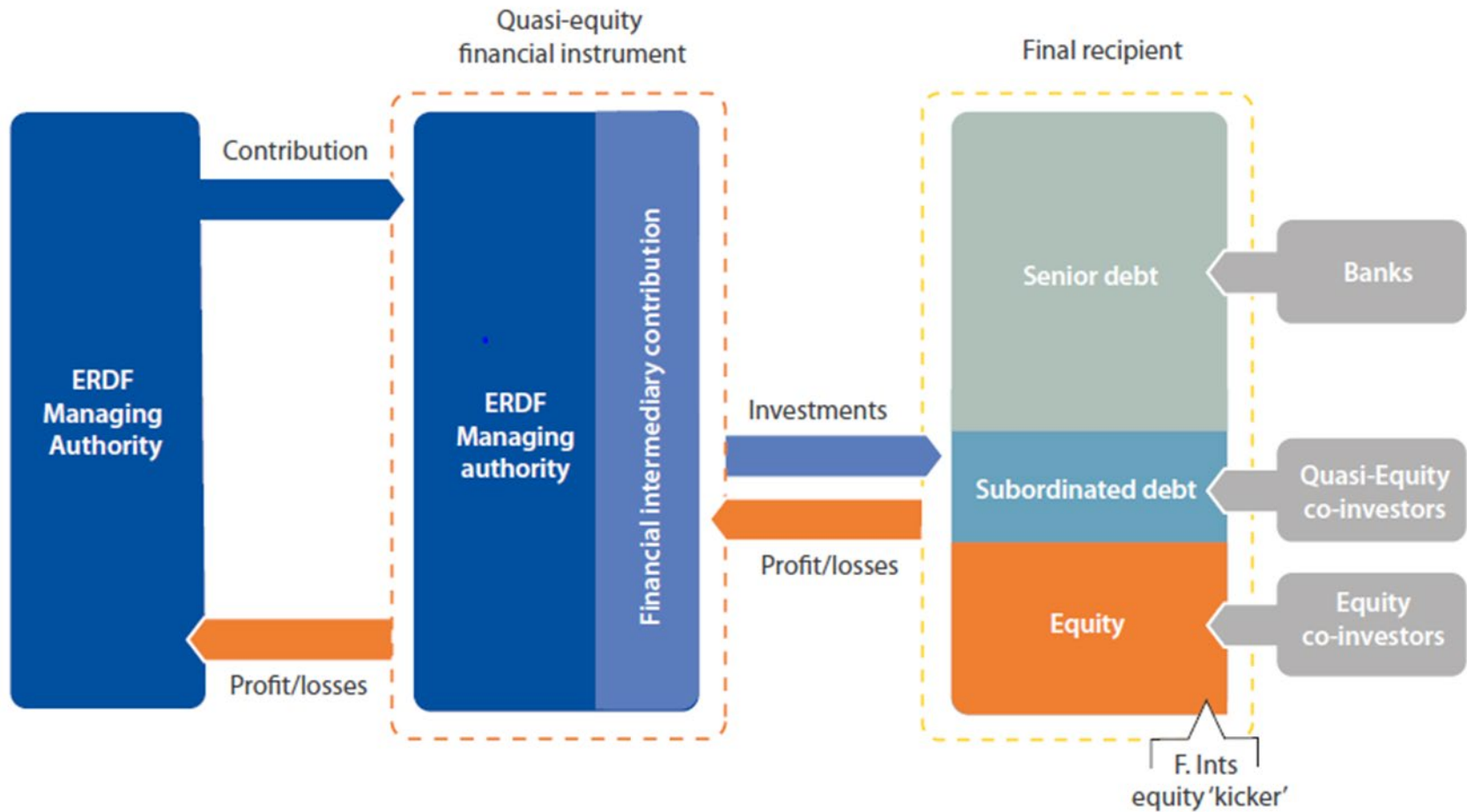
## Subordinated long-term loans for innovative SMEs and Mid-caps

- Potential model for FIs to support high risk investments in innovative SMEs for the green and digital transition
- Post covid instrument to support capital, eroded by losses for weakened SMEs
- To build or reinforce the Equity ecosystem in member states and Europe





# The model financial instrument



# Aims of financial instrument

## Subordinated loans

Typically to fund specific investment projects – solution orientated finance including

- Establishment of new enterprises
- Early stage-capital (seed capital and start-up capital)
- Expansion capital
- Capital for the strengthening of the general activities of an enterprise
- Realisation of new projects and/or
- Penetration of markets or new developments by existing enterprises

Long-term patient capital – often replaced by less expensive finance in the medium term as investments yield results



# Thank you



European Union  
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[REGIO-B3-FINANCIAL-INSTRUMENTS@ec.europa.eu](mailto:REGIO-B3-FINANCIAL-INSTRUMENTS@ec.europa.eu)

## Useful links

[Energy efficiency](#)

[Quasi Equity](#)

[New European Bauhaus](#)

[Combination Fis and grants](#)



*Project media*